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Supply Chain Generative AI Readiness Handbook

8 Steps to GenAI Maturity in Supply Chain

Why Supply Chain is the Perfect Candidate for Generative AI

Generative AI is a disruptive, conversational digital language that can inform, assist, advise or even automate supply chain strategies and processes.

According to the 2023 Gartner Future of Supply Chain Survey, 40% of top performing respondents are already utilizing artificial intelligence and machine learning (AI/ML) to optimize their supply chain decisions for demand forecasting, while 31% are leveraging AI/ML for supply planning.

For those just getting started, it's important to ask yourself – "is my supply chain mature enough to integrate generative AI effectively?"

Traditionally, data on forecasting is confined to spreadsheets, updates on transportation are trapped in emails, and inventory levels are locked in databases. Each department is working in isolation, optimizing localized goals that may not align with broader company objectives.

Generative AI can help transform these siloed workflows and your fragmented data into a single, cohesive entity. By integrating both structured and unstructured data—from databases to emails to online data and even voicemails—**generative AI can facilitate enhanced operational visibility, deep insights and prescriptive recommendations to reach corporate goals.**

Source: Gartner Supply Chain Executive Report: Future of Supply Chain 2024, ID G00805894

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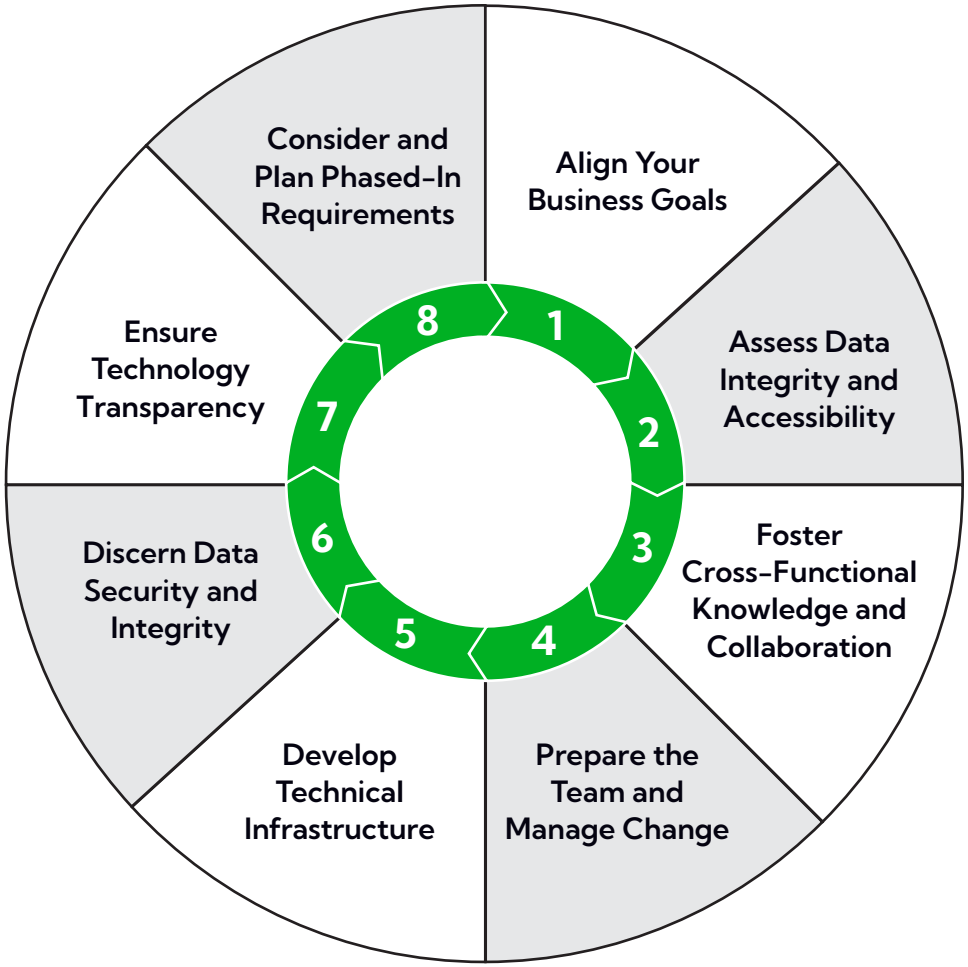
Assessing and Understanding Generative AI Readiness

Using the following framework, you can evaluate and ensure generative AI readiness in your supply chain, and understand how the right software can enable successful generative AI integration.



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Step 1: Align Your Business Goals

Implementing generative AI should complement clear business objectives. Business leaders are particularly interested in the potential improvements AI presents.

Over half (54%) of surveyed executives anticipate AI to yield cost savings in 2024. Among them, half foresee a substantial increase of 10% or more through productivity gains across their operations, customer service, and IT areas. – BCG AI Radar, 2024

Supply chain operations are a specific business area where generative AI can lead to cost savings. Generative AI developed for supply chain; analyze demand trends, supplier capacity, resource utilization, and production performance. This analysis can uncover predictive patterns and prescriptive insights to optimize your strategies – ensuring a seamless flow of product and revenue.

As you define specific goals for your generative AI implementation, make sure these goals fall within broader supply chain and company objectives. Once you've identified key performance indicators (KPIs) to measure success, ensure understanding of the different aspects of the data across the company and how they link together.

Source: BCG AI Radar, 2024

Step 2: Assess Data Integrity and Accessibility

Successful generative AI deployment hinges on high-quality, accessible, and interpretable data. The data strategy should be built around ensuring both data access and an implementation team who understand the significance and importance of all key variables.

Two early steps are

1. Audit existing data across all supply chain functions to identify important data elements. Identify how they are interconnected, and what kinds of questions they answer.
2. Implement data governance policies to ensure ongoing data quality.

Now is a great time to start data governance processes if they aren't already in place. Remember, perfection isn't necessary to start. In fact, this can be a great first use case for generative AI—integrating data across discrete systems.

Step 3: Foster Cross-functional Knowledge and Collaboration

Breaking down business silos is critical for effective generative AI implementation. You can foster high levels of understanding of business requirements and goals by encouraging collaboration between IT, planners, and leadership.

Creating cross-functional teams as you move into the planning and implementation processes for generative AI ensures buy-in and leverages diverse expertise. Including stakeholders from across your business ensures that your generative AI implementation will be designed to gain insights from across silos, creating a more integrated and effective system.

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Step 4: Prepare the Team and Manage Change

Make sure your team is aligned with the purpose and goals of the project, and that there is a clear understanding of expected features, capabilities and results. Based on assessments of skill sets and knowledge gaps, develop comprehensive training and education programs.

As with any new technology or implementation, address skepticism and resistance through clear communication. In the case of generative AI readiness, it is important to address concerns and provide education to employees who are uncomfortable with the technology.

Your workforce should understand that generative AI enhances, not replaces, human expertise.

This approach leverages the strengths of both AI and human judgment, optimizing operational efficiency without compromising the unique insights provided by your team. Transparency encourages adaptation and acceptance across your organization.

Doubt

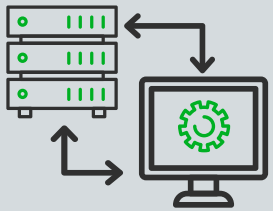
Trust

Step 5: Develop Technical Infrastructure

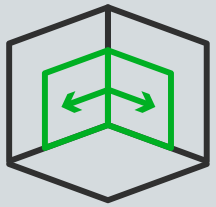
The right technical setup is crucial. Work with both your internal team and generative AI technical partners to ensure that the proper infrastructure is in place. Things to consider for generative AI readiness might include:

Evaluating cloud-based vs. on-premises solutions based on your needs.

Checking integration capabilities with existing systems.



Planning for scalability to accommodate future growth.



Make it a priority for external partners to have a full understanding of your data, business goals, and requirements so the infrastructure is built to meet your unique needs.

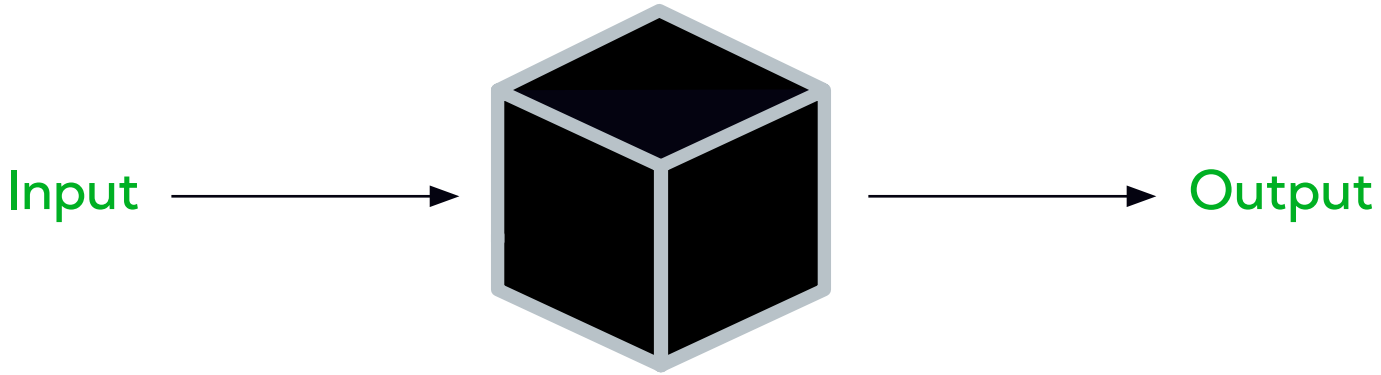
Step 6: Discern Data Security and Integrity

Choose trusted expert technology partners who uphold the highest data security standards and contribute to maintaining the integrity of your data. Make sure your generative AI partner can work with you to provide proper support throughout the entire implementation journey.

> "There's an expression we use to describe our AI-first mindset, designed with purpose, deployed with intent. Designed within purpose implies our use of AI is carried out with clear, meaningful objectives. It focuses on functionality; user needs and outcomes rather than superficial features deployed within. Intent signifies that the implementation of AI."
>
> **–Scott Tillman SVP Innovation, Logility**

Step 7: Ensure Technology Transparency

Dismantle the 'black box' myth! Your generative AI systems can and should be explainable and transparent. For example, answers to generative AI queries can provide context such as the source of the data to answer the question or the reasoning behind the answer. This helps manage expectations and provides your users with confidence in the system's results.



Step 8: Consider and Plan Phased-In Requirements

When determining requirements for your generative AI application, you may want to consider implementing your project in a phased approach. One way to do this is to start with a small area of your business and scale as your supply chain maturity level increases.

Another way to think about this is to phase in features based on the complexity of the types of questions/answers you build into the system. For example, the initial features that you implement may include questions that provide insights from data connected from multiple business processes. Follow up questions may support highlighting risks and issues in your supply chain, executing scenarios and mitigation recommendations. You can then build in functionality which aligns generative AI with some of your execution processes.

As you progress through these phases, the value and complexity of generative AI applications increases and so does your generative AI readiness.

The future of supply chain management is proactive and data-driven. With Logility's support, you can lead this transformation, optimizing your operations and setting new industry standards.

Are you ready to take the next step and revolutionize your supply chain with generative AI?

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Keep Learning: Participate in our Masterclass Series

Discover the New Language of Planning

Many organizations spend nearly 30% of their time in the planning process.
With AI and generative AI, the way organizations explore the world, make plans, and align to make better decisions is dramatically different. Users of generative AI within their supply chain planning process achieved:

15 to 30% less error and 70% less time planning	**No decision latency through natural language access to data**	**Antifragile and event-based management**	**Insight based planning for direct alignment between departments**

Want to know how?

This masterclass series will focus on how AI creates opportunities for organizations to develop the superpower to move from what's happened to what's coming.

Register Here

Register here: https://events.logility.com/new-language-of-planning-masterclass-series

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REIMAGINE SUPPLY CHAIN

About Logility

Logility is a market-leading provider of AI-first supply chain management solutions engineered to help organizations build sustainable digital supply chains that improve people's lives and the world we live in. The company's approach is designed to reimagine supply chain planning by shifting away from traditional "what happened" processes to an AI-driven strategy that combines the power of humans and machines to predict and be ready for what's coming. Logility's fully integrated, end-to-end platform helps clients know faster, turn uncertainty into opportunity, and transform the supply chain from a cost center to an engine for growth. With over 550 clients in 80 countries, the company is headquartered in Atlanta, GA. (NASDAQ: LGTY). Learn more at www.logility.com.

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